

DIVISION OF ACCOUNTS AND REPORTS POLICY AND PROCEDURE MANUAL

Revision Date 11/18/98

Date Issued 04/77

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SUBJECT

Employee Moving Expense Reimbursement

PURPOSE

This filing identifies moving expense items that may be reimbursable to an employee who is transferred or to a newly hired employee. The filing also provides guidance on the tax status of these payments and the procedures used to process these payments.

AUTHORITATIVE REFERENCES

K.S.A. 75-3207	K.S.A. 75-3216	K.S.A. 75-3225	K.S.A. 75-3706
K.S.A. 75-3747	K.A.R. 1-16-2	K.A.R. 1-16-2a	K.A.R. 1-16-2b
K.A.R. 1-16-2c	K.A.R. 1-16-2e	K.A.R. 1-16-2i	K.A.R. 1-16-2j
K.A.R. 1-16-2k	K.A.R. 1-16-2l		

Specific statutory provisions authorizing the reimbursement of moving expenses have been established for state educational institutions and the Board of Regents (K.S.A. 76-727) and the Kansas Highway Patrol (K.S.A. 74-2114). These agencies should refer to the appropriate statutes to determine allowable moving expenses and limitations. The tax treatment of moving expense reimbursements and the related processing procedures contained in this filing apply to all agencies.

GENERAL INFORMATION

An agency may reimburse an employee for relocation and moving expenses in the following situations:

1. When an employee is transferred to a new official station that is at least 25 miles from the old official station and the transfer is made for the benefit of the employing agency. Moving and relocation expenses shall not be paid if the transfer is primarily for the convenience or benefit of the employee or is made at the employee's request. (K.S.A. 75-3225)
2. A new employee is hired under the provisions of K.S.A. 75-3225. Reimbursement of new hires from out-of-state (including foreign countries) requires the advance written approval of the Governor. See P.P.M. filing 3,802 for procedures to obtain the necessary approval.
3. An employee who was previously separated from service due to a reduction in force or transfer of function is re-employed in a non-temporary position in a different geographical location within one year of the separation. (K.A.R. 1-16-2l)

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An agency may pay all or a part of reimbursable expenses to the extent considered necessary and appropriate by the appointing agency head. Specific information regarding expenses that may be reimbursed, limitations, and other requirements are presented in the following sections.

RELOCATION ASSISTANCE

An employee may be reimbursed for subsistence (meals and lodging) and mileage expenses. Subsistence may be paid at the current rates authorized for state employees. However, no subsistence shall be paid if the travel occurs within 30 miles of the employee's official station. Mileage allowances may be paid at the rate used to reimburse state employees for operating a privately owned conveyance. The specific circumstances where these costs may be reimbursed are as follows (K.A.R. 1-16-2a):

Subsistence

1. In the 30-day period preceding an employee's transfer or a new employee's original appointment date, the employee may be allowed subsistence reimbursement for not more than fifteen calendar days while searching for a new residence. (K.A.R. 1-16-2a(b))
2. Subsistence expenses may be paid for the employee while en route between the old and new official station, or for an employee recruited under K.S.A. 75-3225 while en route between the old domicile and new domicile. (K.A.R. 1-16-2a(c)(1))
3. Subsistence expenses may be paid for a period of 30 days on and after the employee's transfer or original appointment while the employee is occupying temporary quarters and trying to locate or waiting to enter a permanent residence. Subsistence expense payments may be extended for additional 30-day periods while the employee's residence is in temporary quarters when deemed necessary by the agency head and with written approval from the Secretary of Administration. Requests for subsistence payment extensions should be made using form DA-34, Subsistence Extension Request. (K.A.R. 1-16-2a(d))

Mileage Allowance

1. In the 30-day period preceding an employee's transfer or a new employee's original appointment date, the employee may be paid for one round trip from the employee's domicile while searching for a new residence. (K.A.R. 1-16-2a(b))
2. An employee may be reimbursed for one one-way trip to transport the employee's immediate family from their old domicile to the new official station. (K.A.R. 1-16-2a(c)(2))

MOVING EXPENSES

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1. *Household and Personal Effects* - An employee may be reimbursed for the expenses of transporting, packing, crating, temporarily storing, draying, unpacking, and transit insurance for up to 12,000 pounds net weight of household goods and personal effects. ***The amount to be paid for moving household and personal effects may not in any case exceed the amount of the actual reimbursable moving expenses verified by receipts and bill of lading or the amount of moving expenses for moving twelve thousand (12,000) pounds of household goods by commercial carrier, whichever is the lesser amount.*** Costs for disassembling yard toys, patio equipment, window air conditioners and shelving shall not be reimbursed. (K.A.R. 1-16-2b(b)(1); K.S.A. 75-3225)

Each employee who is eligible for reimbursement of moving expenses should attempt to obtain three firm rate bids from commercial carriers and will be responsible for selecting the lowest responsible bid. The firm rate bids shall include costs of transportation, material and labor for packing and unpacking barrels, drums and cartons, appliance service, piano pick-up and delivery, and transit insurance. (K.A.R. 1-16-2e)

Employees shall be responsible upon completion of commercial carrier moves to inspect, note damages on the shipper's bill of lading, and sign the bill of lading. (K.A.R. 1-16-2j(b))

Payment for reimbursement of the commercial carrier's charges should be to the employee or jointly payable to the employee and the carrier using the employee's social security number.

2. *House Trailer or Mobile Dwelling* - An employee who transports a house trailer or mobile dwelling for use as a residence, and who would otherwise be entitled to transportation of household goods and personal effects, may be reimbursed for either: (1) an allowance not to exceed 30 cents per mile for transportation of the house trailer or mobile dwelling if transported by the employee; or (2) commercial transportation of the trailer or dwelling including the payment of necessary tolls, charges, and permit fees. The agency can make payment directly to the carrier or to the employee. (K.A.R. 1-16-2b(b))
3. *Storage of Household Goods and Personal Effects* - An employee may be reimbursed for storage of household goods and personal effects for a period of 30 days while the employee resides in temporary quarters. (K.S.A. 75-3225(c))
4. *Self Moves* - Authorized costs for a self-move may be paid when deemed desirable by the agency head and may include: (a) rental costs plus insurance of a van or trailer; or (b) private car mileage one way for a privately-owned conveyance at the current mileage rate. When an employee undertakes a move of this type, the time required to complete the move is chargeable as normal working time. When the estimated time of move and costs appear unreasonable, a commercial carrier bid may be required to establish the allowable maximum cost. (K.A.R. 1-16-2i)

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WRITTEN AGREEMENT REQUIRED

Moving and relocation expenses may be paid only after the employee agrees *in writing* to remain in agency service for 12 months from the date of transfer or appointment, unless separated for reasons beyond the employee's control that are acceptable to the agency concerned. If the employee violates the agreement, the money spent by the agency for all moving and relocation expenses are recoverable from the employee as a debt to the State. (Form DA-22, should be signed by the employee and agency.) ***The head of the agency is responsible for maintaining the signed agreement and for collecting all amounts reimbursed to the employee in the event of an employee's early termination.*** (K.S.A. 75-3701; K.S.A. 75-3225)

SALE OF RESIDENCE

Expenses of the sale of the employee's residence, losses on the sale of an employee's residence, or the settlement of an unexpired lease by the employee at the old residence and the purchase of a home at the new official station required to be paid by the employee ***are not allowable expenses of the agency.*** (K.A.R. 1-16-2k)

TAXABILITY OF REIMBURSED MOVING EXPENSES

Due to changes in the Internal Revenue Service Tax Code, reimbursement of certain moving expenses, incurred on or after January 1, 1994, will result in reportable income to the employee. Moving and relocation expenses that will result in reportable income for federal tax purposes include:

1. Traveling expenses (including meals and lodging) while on pre-move house hunting trips;
2. Meal expenses while moving;
3. Subsistence expenses (meals and lodging) while occupying temporary quarters at the new duty station; and
4. Moving expenses for household and personal effects or mobile dwellings when the distance from the employee's new place of work to his former residence is less than 50 miles greater than the distance from his former residence to his former place of work, or for someone previously unemployed, a distance of less than 50 miles from the former residence to the new place of work.

PROCESSING OF REIMBURSEMENT CLAIMS

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All expenses are included in gross income and should be paid through SHARP using the earnings code MVT, *except* if the new work location is at least 50 miles further from the former residence than was the former place of work then the following three items are reimbursed using a STARS Payment Voucher:

1. Cost of moving personal effects;
2. Mileage and lodging en route while moving from the old residence to the new residence;
3. Temporary storage (defined as 30 days or less).

Documentation for any additional charges paid through SHARP with the MVT code should be maintained at the agency.

PROCEDURES

Responsibility

Action Step

Agency

1. If Applicant is from out-of-state, obtain the Governor's approval on form DA-29, Request to Pay Expenses of Out of State Applicants, to pay moving expenses. See P.P.M. 3,802 for procedures to obtain the approval.
2. Enter into agreement for reimbursement of moving expenses (DA-22) with employee.
3. If needed, obtain extensions for subsistence using form DA-34.

State Employee

4. If moving personal effects by commercial carrier, obtain three bids and select the lowest responsible carrier.

Agency

5. Prepare travel voucher and attach bids, the bill of lading, and other required documentation.
6. Determine that the expenditure is legal and proper and complies with regulations as set forth in this section.
7. Determine the portion of moving expenses to include in gross income. Add a line on the employee's timesheet with the MVT code the amount of expenses to be paid through payroll.
8. Prepare the payment voucher. Code moving expenses as expenditure sub-object: 2130 (employees' personal effects - in-

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state) or 2140 (employee's personal effects - out-of-state).

9. Attach supporting documentation to payment voucher. The supporting documentation will include, as appropriate:

1. Approved Form DA-29 to reimburse interviewee (out-of-state only)
2. Three bids obtained from the commercial carriers
3. Bill of lading
4. Statement that DA-22 is on file at agency

10. Submit completed forms and necessary attachments to the Audit Services Team of the Division of Accounts and Reports. Agencies with delegated audit authority should process the documents in accordance with the agency's procedures.

Accounts and Reports

11. Review forms and attachments and approve payments as appropriate.

Payroll

12. Process amount submitted as an addition to gross income.

CONTACT SOURCES

Requests for assistance in determining proper reimbursement of moving expenses and subsistence should be directed to:

Division of Accounts and Reports
Central Accounting Services Section
Audit Services Team

Questions regarding processing of amounts to be included in gross income should be directed to:

Division of Accounts and Reports
Payroll Services Section